UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW MEXICO

DCP Operating Company, LP & DCP Midstream, LP v. St. Paul Fire and Marine Ins. Co.

DCP Operating Co. v. St. Paul · No. 2:24-cv-00628-SMD-KRS · Decided January 23, 2026

SUMMARY

The United States District Court for the District of New Mexico considers cross-motions for summary judgment concerning an insurer's duty to defend and indemnify DCP entities as additional insureds under a policy issued to their contractor. The court analyzes the policy, the parties' master agreement, and New Mexico's oilfield and construction anti-indemnity statutes. The opinion concludes, in the portion provided, that the oilfield anti-indemnity statute does not apply and that the construction anti-indemnity statute applies and limits coverage to losses attributable to the contractor's negligence.

CASE DETAILS

COURT	United States District Court for the District of New Mexico
WRITING FOR THE COURT	Sarah M. Davenport
JURISDICTION	United States District Court for the District of New Mexico
DECIDED	January 23, 2026
DOCKET	2:24-cv-00628-SMD-KRS
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiffs moved for partial summary judgment on St. Paul's duty to defend. Defendant moved for summary judgment on Plaintiffs' breach of contract claim, including the duties to defend and indemnify. The court granted Plaintiffs' motion as to the duty to defend, denied it as to indemnification, and denied Defendant's motion.
STANDARD OF REVIEW	Summary judgment is appropriate when there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law. The court viewed disputed facts and reasonable inferences in favor of the nonmoving party. The duty to defend was determined as a matter of law by comparing the policy with the allegations of the underlying complaint, while indemnification depended on the actual facts and could not be resolved where material factual disputes remained.
PRECEDENTIAL VALUE	unpublished

PARTIES	DCP Operating Company, LP, DCP Midstream, LP v. St. Paul Fire and Marine Insurance Company

TOPICS

duty to defend · duty to indemnify · insurance coverage · construction law · statutory interpretation

PRACTICE AREAS

insurance coverage · construction law · commercial litigation · contracts · statutory interpretation

QUESTIONS PRESENTED

1. Whether the New Mexico oilfield anti-indemnity statute, N.M. Stat. Ann. § 56-7-2, applies to the Master Goods and Services Agreement and policy.
2. Whether the New Mexico construction anti-indemnity statute, N.M. Stat. Ann. § 56-7-1, applies and limits indemnity and insurance obligations to losses caused by J&M's own negligence or fault.
3. Whether St. Paul owed DCP a duty to defend the underlying personal-injury action despite the absence of an express allegation that J&M was negligent.
4. Whether St. Paul's duty to indemnify DCP for the underlying settlement could be resolved on summary judgment.
5. Whether a Colorado state court's denial of J&M's summary-judgment motion had collateral-estoppel effect.
6. Whether the New Mexico Workers' Compensation Act barred DCP's contractual defense and indemnification claims.
7. Whether DCP Midstream, LP had standing to assert contractual defense and indemnification rights.

HOLDINGS

1. N.M. Stat. Ann. § 56-7-2 does not apply because the work under the Master Goods and Services Agreement involved downstream transportation and processing infrastructure rather than operations at or immediately connected to a wellhead.
2. N.M. Stat. Ann. § 56-7-1 applies to the Master Goods and Services Agreement and renders any indemnity or insurance obligation unenforceable to the extent it would require J&M to indemnify or insure DCP for DCP's own negligence; enforceable coverage is limited to losses caused by J&M's own negligence or fault.
3. St. Paul owed DCP a duty to defend the underlying action because the allegations and information reasonably available to St. Paul potentially implicated negligence by J&M and therefore potentially brought the claims within the policy's coverage.
4. The duty to indemnify could not be resolved on summary judgment because material factual disputes remained concerning J&M's negligence or fault, causation, and whether the underlying settlement was reasonable and entered in good faith.

5. The Colorado court's denial of J&M's motion for summary judgment did not have collateral-estoppel effect because it was an intermediate, nonfinal order that did not adjudicate the merits of indemnification or fault.
6. The Workers' Compensation Act did not bar DCP's contractual claims for defense and indemnification against J&M's insurer.
7. St. Paul was not entitled to summary judgment based solely on its standing argument because the record supported an inference that DCP Operating indirectly controlled DCP Midstream through affiliated entities, and DCP Operating indisputably had contractual rights.

KEY QUOTATIONS

> *"If the allegations on the face of the complaint are 'potentially' or 'arguably' within the scope of coverage, the insurer is obligated to defend."*

> *"The duty to defend is broader than the duty to indemnify."*

> *"The Court therefore concludes that the MGSA's indemnity provision is enforceable only insofar as it requires J&M to indemnify DCP for bodily injury caused by J&M's own negligence or fault."*

FACTUAL BACKGROUND

DCP hired J&M Welding & Fabrication to perform welding and install siphons on a pipeline near DCP's Linam Ranch gas-processing facility in New Mexico. On October 28, 2021, J&M employees Jose Owens and Manuel Saenz were injured when gas vapor ignited during the work, and they later sued DCP in New Mexico state court. J&M's contract required it to obtain insurance naming DCP as an additional insured, and J&M obtained a St. Paul policy containing an additional protected persons endorsement. DCP tendered the underlying action to St. Paul, which denied coverage; factual disputes remained concerning the conduct and negligence of DCP and J&M and the reasonableness and good faith of the resulting settlement.

PROCEDURAL HISTORY

DCP sought coverage from St. Paul as an additional insured under a policy issued to J&M Welding & Fabrication, Inc., after J&M employees were injured in a welding accident and sued DCP. St. Paul denied the tender of defense and indemnification. DCP filed this action alleging breach of contract, insurance bad faith, and violations of the New Mexico Unfair Insurance Practices Act. The court resolved the parties' cross-motions for summary judgment in this omnibus opinion and order.

DISPOSITION

other

REMAND INSTRUCTIONS

No remand was ordered. The court granted Plaintiffs' partial summary-judgment motion as to St. Paul's duty to defend, denied it as to indemnification, and denied Defendant's motion for summary judgment on the breach of contract claim.

CASES CITED

- Butler v. Daimler Trucks North America, LLC, 74 F.4th 1131 (10th Cir. 2023)
- Celotex Corp. v. Catrett, 477 U.S. 317 (1986)
- Serna v. Colorado Department of Corrections, 455 F.3d 1146 (10th Cir. 2006)
- Bausman v. Interstate Brands Corp., 252 F.3d 1111 (10th Cir. 2001)
- Scott v. Harris, 550 U.S. 372 (2007)
- Holguin v. Fulco Oil Services, 245 P.3d 42 (N.M. 2018)
- St. Paul Fire & Marine Insurance Co. v. Sedona Contracting, Inc., 474 F. Supp. 3d 1211 (D.N.M. 2020)
- City of Albuquerque v. BPLW Architects & Engineers, Inc., 213 P.3d 1146 (N.M. 2009)
- United Rentals Northwest, Inc. v. Yearout Mechanical, Inc., 237 P.3d 728 (N.M. 2010)
- ProAssurance Specialty Insurance Co. v. Familyworks, Inc., 599 F. Supp. 3d 1082 (D.N.M. 2022)
- State Farm Fire & Casualty Co. v. Mhoon, 31 F.3d 979 (10th Cir. 1994)
- Foundation Reserve Insurance Co. v. Mullenix, 642 P.2d 604 (N.M. 1982)
- Western Heritage Bank v. Federal Insurance Co., 938 F. Supp. 2d 1219 (D.N.M. 2013)
- American Employers' Insurance Co. v. Continental Casualty Co., 512 P.2d 674 (N.M. 1973)
- Acuity v. Astora, No. 20-CV-37 SWS/MLC, 2020 WL 892931 (D.N.M. Apr. 16, 2020)
- Western American Insurance Co. v. Atyani, 366 F. Supp. 3d 1270 (D.N.M. 2019)
- State Farm Fire & Casualty Co. v. Price, 684 P.2d 524 (N.M. Ct. App. 1984)
- Servants of Paraclete, Inc. v. Great American Insurance Co., 857 F. Supp. 822 (D.N.M. 1994)
- Hartford Fire Insurance Co. v. Gandy Dancer, LLC, 864 F. Supp. 2d 1157 (D.N.M. 2012)
- Valley Improvement Association v. U.S. Fidelity & Guaranty Corp., 129 F.3d 1108 (10th Cir. 1997)
- State Farm Fire & Casualty Co. v. Ruiz, 36 F. Supp. 2d 1308 (D.N.M. 1999)
- Continental Casualty Co. v. Westerfield, 961 F. Supp. 1502 (D.N.M. 1997)
- Franchise Tax Board of California v. Hyatt, 538 U.S. 488 (2003)
- Zvunca ex rel. Klein v. Greyhound Lines, Inc., 530 F. App'x 672 (10th Cir. 2013)
- Migra v. Warren City School District Board of Education, 465 U.S. 75 (1984)
- Manuel v. Fort Collins Newspapers, Inc., 631 P.2d 1114 (Colo. 1981)
- City of Artesia v. Carter, 610 P.2d 198 (N.M. Ct. App. 1980)
- Puls v. Landmark Community Newspapers, Inc., 335 F. App'x 805 (10th Cir. 2009)